

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6818**

**BILL NUMBER:** HB 1079

**NOTE PREPARED:** Dec 26, 2005

**BILL AMENDED:**

**SUBJECT:** Cost-Benefit Analysis of Outsourcing.

**FIRST AUTHOR:** Rep. Stilwell

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** The bill requires a state agency to do a cost-benefit analysis before entering into a contract for services. The bill also requires the Department of Administration to compile a report on the cost-benefit analysis for each contract.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** Under current law, an agency must justify the cost effectiveness of a contract for service to the Commissioner of the Department of Administration. The bill requires a cost-benefit analysis which would have indeterminate but minimally increased cost for agencies entering into a contract for services. The resources required to perform a cost-benefit analysis depend upon the expertise needed to develop cost information. Additionally, the Department of Administration could incur minimal costs to compile reports on the cost-benefit analyses.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Administration; state agencies entering in contracts for services.

**Local Agencies Affected:**

**Information Sources:**

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